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REPLY TO:

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Liaison Office  
Washington, D.C.

6 January 1959

SUBJECT: Supplementary Report of Audit  
Technical Representative Contract LM-473  
The Perkin-Elmer Corporation  
Norwalk, Connecticut  
Period: 1 December 1957 to 30 June 1958

TO : Contracting Officer

REF : Verbal Request of J.P. on 25 November 1958

1. As requested, we have extended the scope of our interim audit to include additional billings made by the contractor against funds committed for the fiscal year ended 30 June 1958, which were claimed after the issuance of our previous audit report for subject period.

2. The net amount billed against funds for the fiscal period 25 November 1957 to 30 June 1958, thru Final Invoice No. 13203, in the amount of \$31,267., is recommended for provisional approval subject to the qualifications mentioned in Par. 2 of our previous audit report and the following additional qualifications:

a. In Invoice No. 13185 the contractor is claiming the difference between the Engineer "A" provisional rate of [redacted] and the final negotiated rate of [redacted] in the amount of \$287. Although no contract amendment has yet been issued authorizing the increased rate we were informed that the revised rate of [redacted] as agreed to by the Contracting Officer.

b. Funds provided for the fiscal period 25 November 1957 to 30 June 1958, as per contract Amendment No. 1, total \$30,000. Although the amount claimed exceeds this amount by \$1,267 we were informed that the Contracting Officer has agreed to provide the additional funds, although no contractual coverage presently exists for this over-expenditure.

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Supplementary Report of Audit, Technical Representative Contract  
LW-473, The Perkin-Elmer Corporation, Norwalk, Connecticut, Period:  
1 December 1957 to 30 June 1958 - (Cont'd)

3. In our previous audit report the amount of \$29,276.,  
billed thru Invoice No. 12527, was recommended for provisional  
approval. The additional amount of \$1,991 now provisionally approved  
consists of the following:

- a. Additional costs due to revised hourly rate for  
Engineer "A" category (Par. 2.a. above), \$287.
- b. G & A on travel costs not previously claimed, \$1,704.

4. Basis for Acceptance of General & Administrative Expense  
on Travel Costs:

- a. The contract states that travel expense is reimbursable  
at "actual transportation costs plus \$15 per day per diem".
- b. The contractor's consistent accounting practice has  
been to include transportation costs in the cost of sales base used  
for apportionment of G & A expense. Therefore, G & A expense on  
these transportation costs becomes allocable to this contract and is  
not otherwise recoverable by the contractor.
- c. G & A on labor was included as part of the contract  
Hourly Rates.
- d. The rate claimed, 18%, appears reasonable since the  
actual book rate for the fiscal year ended 31 July 1958 was 19.52%.  
Cost disallowances for the two preceding fiscal years averaged 1.60%  
per year (See audit report for contract SC-45-12).

5. Audit adjustments in our prior audit report were definitized  
as follows:

Additional amount due contractor - claimed on Invoice No. 12885	\$110
Overbilling of transportation costs - deducted by contractor on Invoice No. 13203	<u>85</u>
Net additional amount due contractor	<u>\$ 25</u>

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Auditor General